

---

## NORTH AYRSHIRE COUNCIL

8 September 2020

### Cabinet

---

<b>Title:</b>	<b>Affordable Housing Account Funding Request</b>
---------------	---

<b>Purpose:</b>	To seek Cabinet approval to allocate funding to Cunninghame Housing Association from the Affordable Housing Account.
-----------------	--

<b>Recommendation:</b>	That Cabinet approves the allocation of £0.175m funding from the Affordable Housing Account to Cunninghame Housing Association to assist with the provision of new social housing at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.
------------------------	---

---

### 1. Executive Summary

- 1.1 The Affordable Housing Account comprises Council Tax income generated from the reduction in the discount for second and long-term empty homes. The Council can disburse the funds to other organisations, including Registered Social Landlords (RSLs), to support affordable housing activity.
- 1.2 The Affordable Housing Account has a balance of £3.080m and receives income of circa. £1m per annum.
- 1.3 Cunninghame Housing Association (CHA) has approached the Council requesting £0.175m from the Affordable Housing Account for their projects at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.
- 1.4 CHA requires £0.075m for a Deed of Servitude to access a drainage connection at Balnagowan, Skelmorlie and a further £0.100m to develop two wheelchair liveable homes at Glebe Place, Saltcoats. If approved, Cunninghame Housing Association (CHA) will be required to grant a Standard Security linked to a Minute of Agreement setting out the terms and conditions of the Grant.
- 1.5 This report seeks Cabinet approval for the allocation of £0.175m from the Affordable Housing Account to CHA to assist with the provision of new social housing at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.

### 2. Background

- 2.1 The Affordable Housing Account comprises Council Tax income generated from the reduction in the discount for second and long-term empty homes. Prior to 2005 these homes were entitled to a 50% discount in the Council Tax charge. The Council Tax (Discount for Unoccupied Dwellings) (Scotland) Regulations 2005 allows Local

Authorities discretion to retain or reduce the discount to between 10% and 50%. North Ayrshire Council reduced the discount to 10% following the introduction of these regulations. Any monies raised from the additional 40% Council Tax collected is ring-fenced for affordable housing. In addition to accessing the Fund to support its own housing development, the Council has the flexibility to disburse payments to other local organisations, including Registered Social Landlords (RSLs), to support affordable housing activity.

- 2.2 The Council Tax (Variation for Unoccupied Dwellings) (Scotland) Regulations 2013, as amended in 2016, allows Local Authorities discretion to remove the discount from second homes and long-term empty homes. In addition, authorities can impose an increase in liability of up to 100% to long-term empty properties. If the discount is removed or an additional levy is imposed, additional monies collected for this part is not ring-fenced and can be spent as Local Authorities determine. North Ayrshire Council do not award a discount for second homes and once a long-term empty property is empty for more than 12 months (or 24 months if it was being marketed for sale or rent) the discount is removed and an additional levy of 100% imposed.
- 2.3 Scottish Government guidance advises that, before agreeing to make a contribution to any project, the local authority should assess its financial viability and consider issues related to security of tenure and affordability. Councils may use the additional income to fund or support discrete projects or top up funding from other sources and ensure that expenditure complies with European Commission State Aid rules.
- 2.4 The Affordable Housing Account has generated funding of £14.108m in the 15 years from 1 April 2005 to 31 March 2020. It currently receives income of circa. £1m per annum and has a balance of £3.080m.
- 2.5 The account has historically been utilised to contribute to the funding for Council projects delivered through the Strategic Housing Investment Plan (SHIP), including new build housing, refurbishment projects, and the acquisition of second hand and empty homes. It has also provided funding to RSLs for off the shelf purchases, island development, regeneration projects and development in high demand areas.

#### Cunninghame Housing Association

- 2.6 Cunninghame Housing Association has approached the Council for financial support from the Affordable Housing Account for their projects at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.

#### *Balnagowan, Skelmorlie*

- 2.7 The development of new homes at Balnagowan, Skelmorlie was approved in the SHIP 2018-2023. Skelmorlie is a high demand area and the 27 new affordable homes for North Ayrshire residents provide a mix of general needs, amenity and wheelchair accessible homes. The £4.298m project is supported by £2.428m Scottish Government grant through the SHIP.
- 2.8 It was initially understood by CHA that the drainage connection for the site would be from the adjacent land, however upon further investigation it was confirmed that the condition of the existing sewer prohibited this from happening. In order to resolve this issue and enable the development to progress, CHA require a Deed of Servitude to

access a separate connection on adjacent land. The £0.075m cost was unforeseen and is not included in the project budget. CHA has therefore approached the Council for assistance.

#### *Glebe Place, Saltcoats*

- 2.9 The development of two new wheelchair liveable homes at Glebe Place, Saltcoats was noted as 'Confidential Site 5' in the SHIP 2020, pending planning consent for a change of use.
- 2.10 In September 2019 the Scottish Government advised that they could support this project through their Charitable Bond programme, which is available exclusively to Scottish Housing Associations.
- 2.11 Utilising the Charitable Bond Programme for this site, and the CHA site at Corrie Crescent, Saltcoats, released £1.233m of committed SHIP funding for other North Ayrshire projects.
- 2.12 Addressing residents' particular needs is a priority within the SHIP, which specifies that at least 7% of all new build stock should be fully wheelchair accessible. The SHIP further notes that the majority of demand for wheelchair user housing comes from those under 60 years old. The provision of two fully wheelchair liveable homes will assist to meet this specialist housing need.
- 2.13 The cost to develop a site of two units is significantly higher than developing a larger scale site, as there are less opportunities for economies of scale. In addition, the cost to develop wheelchair liveable housing is higher as the house footprint and roof are larger. Wheelchair liveable housing also requires the addition of car ports, accessible kitchens and specialist features such as hoists and bathroom equipment.
- 2.14 If Cabinet approves the allocation of £0.175m from the Affordable Housing Account to Cunninghame Housing Association (CHA), CHA will be required to grant a Standard Security linked to a Minute of Agreement setting out the terms and conditions of the Grant. The Standard Security will be recorded against the title to the site and will ensure that if the properties developed utilising the Affordable Housing Account funding are sold or developed for purposes other than social rent within a period of 20 years, that CHA will be due to repay the grant, or a proportion of the grant to the Council.

#### Arran Development Trust

- 2.15 The Council has recently had a request for a £0.146m up front loan or grant from the Affordable Housing Account for their project at Rowarden. Officers are currently undertaking due diligence in relation to this request and will report to Cabinet on the outcome of this assessment, if required.

### **3. Proposals**

- 3.1 It is proposed that Cabinet approves the allocation of £0.175m funding from the Affordable Housing Account to Cunninghame Housing Association to assist with the provision of new social housing at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.
- 3.2 Cabinet is also asked to note the further request from the Arran Development Trust for an up-front loan or grant of £0.146m from the Affordable Housing Account for their project at Rowarden.

#### **4. Implications/Socio-economic Duty**

##### **Financial**

- 4.1 The Council has identified funding of £0.175m from the Affordable Housing Account to fund the projects at Balnagowan, Skelmorlie and Glebe Place, Saltcoats.

##### **Human Resources**

- 4.2 None.

##### **Legal**

- 4.3 Cunninghame Housing Association will be asked to grant a Standard Security and enter into an associated Minute of Agreement to secure that the funding required for each site is only used for the purposes of affordable housing

##### **Equality/Socio-economic**

- 4.4 The provision of new social housing will have a positive impact on those who require specialist accommodation, older people, those who are homeless, or at risk of homelessness, and those for whom purchasing a home is not an affordable option. The benefits of new build housing in relation to health, wellbeing and educational attainment, are well documented.

##### **Environmental and Sustainability**

- 4.5 New homes should have a low environmental impact, with the aim of reducing fuel use and associated fuel costs. The projects will be delivered in accordance with Building Standards regulations for energy efficiency. New housing is more energy efficient, better ventilated, and has higher levels of thermal comfort, which can result in alleviation of the symptoms in a number of medical conditions, for example respiratory and rheumatoid illnesses.

##### **Key Priorities**

- 4.6 The provision of new affordable housing supports the Council Plan priority to provide affordable, modern and well-designed homes that meet residents' needs. There is an evidential link between the quality of housing and educational attainment. New affordable housing therefore has a positive impact on children and young people and supports the Council Plan priority that children and young people experience the best start in life. Furthermore, the provision of wheelchair liveable and amenity standard

homes contributes to the Council Plan priorities that people enjoy good life-long health and well-being and people and communities are safe.

### **Community Wealth Building**

- 4.7 The Glebe Place development will be delivered by North Ayrshire based company 'RDK Construction' who train and directly employ local people. The Balnagowan, Skelmorlie site is being developed by Ashleigh who employ a number of local apprentices. The contractor also undertook initiatives with Skelmorlie Primary School and Largs Academy.

### **5. Consultation**

- 5.1 Cunninghame Housing Association and Council Officers from Housing Services, Legal Services, Finance and Property Management and Investment have been consulted in the preparation of this report.

RUSSELL McCUTCHEON  
Executive Director (Place)

For further information please contact **Jacqueline Cameron, Senior Manager (Housing Strategy & Development)**, on **01294 485652**

### **Background Papers**

0